

Community Development Block Grants

Community Development Block Grants ([CDBG](#)) provide annual grants on a formula basis for many different types of grantees. The programs covered under this designation are: [Entitlement Communities](#), [State Administered CDBG](#), Section 108 Loan Guarantee Program, Colonia, HUD Administered Small Cities, Insular Areas, and Disaster Recovery Assistance. From all of these programs, only the first two provide important funding opportunities for the development of housing and housing programs.

[Entitlement Communities](#)

[CDBG](#) provides eligible metropolitan cities and urban counties (called "entitlement communities") with annual direct grants that they can use to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low- and moderate-income persons. To receive its annual CDBG entitlement grant, a grantee must develop and submit to HUD its Consolidated Plan, (which is a jurisdiction's comprehensive planning document and application for funding under the following Community Planning and Development formula grant programs: CDBG, HOME Investment Partnerships, Housing Opportunities for Persons with AIDS ([HOPWA](#)), and Emergency Shelter Grants ([ESG](#))). Entitled communities are responsible for developing their own programs and for setting their own funding priorities. *Grantees must give maximum feasible priority to activities which benefit low- and moderate-income persons.*

CDBG funds may be used for activities which include, but are not limited to:

- Acquisition of real property
- Relocation and demolition
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes
- Public services, with certain limits
- Activities relating to energy conservation and renewable energy resources
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.

Funds are received by entitled communities, which post a Notice of Funding Availability (NOFA), through their housing and development department or their city council, and grant proposals are requested. After a series of hearings and evaluations of the grant proposals, funds are awarded to the final recipients. These are generally non-profit agencies that have submitted projects deemed to be of great social value for the community. Projects submitted for evaluation have to meet [general funding criteria](#) and

specific funding criteria ([Economic Development, General/Native American/Colonias & Enterprise Fund](#) and [Planning and Technical Assistance](#)). When evaluating who should receive funds and on what amount, entities place a high value on: number of people serviced per dollar, addressing a **local** need, and efficient distribution of human and material resources. Other factors also impact funding, such as competing agencies already providing the service proposed or total number of proposals submitted (some localities like to fund as many as possible, thereby diminishing the amount allotted to each grantee).

The final allocation process is a competitive one, usually there are several agencies competing for a limited amount of money. **However, some localities either do not promote effectively the availability of CDBG funds or potential grantees are not aware of their existence, leaving in the coffers of local governments thousands of dollars.** This money has to be returned, by the end of the period, to the State. REALTORS® should inquire with their local governments about the availability of CDBG funds. Local or municipal housing or economic development officials should be able to furnish information of CDBG funds availability.

- *Open* CDBG Grants, see the [manual](#) for supported activities.
- 2004 [CDBG budget allocation for California](#) (includes the counties, cities and municipalities not in the *State* CDBG funding Allocations list). In the same page, links to 2001, 2002 and 2003 budget allocations.
- [California Entitlement List of Contact by City, County and Town](#)

[State Administered CDBG](#)

The [California State CDBG](#) program has as its objective to *develop viable communities by providing decent **housing** and a suitable living environment and by expanding economic opportunities, principally for persons of low- and moderate-income.* Grants are only awarded to non-entitlement areas which include those units of general local government which do not receive CDBG funds directly from HUD as part of the entitlement program (Entitlement Cities and Urban Counties). Non-entitlement areas are cities with populations of less than 50,000, and counties with populations of less than 200,000, although some entitlement cities have a population of less than 50,000 (cities that are designated central cities of Metropolitan Statistical Areas). The State CDBG program has replaced the Small Cities program in states that have elected to participate.

Annually each state develops funding priorities and criteria for selecting projects. Each year the program makes funds available only to [eligible jurisdictions](#) (non-entitlement areas) through several allocations: [General and Native American](#), [Economic Development](#), [Planning and Technical Assistance](#), and [Colonias](#). Notices of Funding Availability (NOFAs) are published for each allocation as the funds become available. Successful applicants enter into contracts with the State to complete the specified activities with the grant funds. The Department of Housing and Urban Development

(HUD) transfers federal funds to the State of California's Department of Housing and Community Development (HCD). [Funds allocation](#) is typically announced by HUD in late February, and it awards the funds to the State in May of each year. Under State statute and regulation, HCD allocates the federal CDBG award into various program components. Once the State receives the funds, it distributes them to eligible jurisdictions, i.e. counties, cities and towns, for their use. One of the requirements to receive a grant is to have submitted a [housing element](#) to HCD*. Funds cannot be denied to an entity because of the findings made by HCD regarding the element. However, Section 50830 of the California Health and Safety Code states that *if the city or county has adopted a general plan, ordinance, or other measure which **directly limits**, by number, either...the buildings permits that may be issued for residential construction or the buildable lots which may be developed for residential purposes*, then the entity becomes ineligible to receive funds. The [flow chart](#) prepared by HCD succinctly describes the allocation process.

If the state finds a jurisdiction to be non-performing, it disencumbers the funds previously awarded and rolls them over to a similar program within the other State eligible jurisdictions. Programs elected for the rollover are selected from the waiting list. Programs are placed, according to ranking, in a waiting list either because they couldn't be fully funded or because they were not funded at all. Since the program's award grant in a sense is lost for the community for that funding cycle it is important to monitor the performance of the local government.

- [State CDBG Funding Allocations Packages](#), information on NOFAs: general and specific funding application packages.
- [State CDBG Rep List by County](#) (*Adobe PDF*) All listed numbers are area code 916.
- [State CDBG Rep List by Program](#)
- [CDBG Information](#), use this page to learn about late-breaking news and to view copies of the most recent Program publications. Information is updated monthly or as needed.
- [State CDBG 2003 General Allocation Funding List](#) (Excel file provided by HCD)
- [State CDBG 2003 General Allocation/ 2nd Rollover Funding](#) (Word file provided by HCD)

* Section 7056 (b)(1) of Title 25 of the California Code of Regulations, and Section 50829 California Health and Safety Code.